

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All County Assessors, Auditors and Councilors
FROM: Micah G. Vincent, Commissioner *MGV*
RE: Reassessment Fund Guidance
DATE: September 6, 2013

On June 19, 2013, the Department of Local Government Finance ("Department") disseminated guidance on legislative changes to the reassessment fund levy and the closing of the 2012 General Reassessment Fund (see [http://www.in.gov/dlgf/files/130620 - Vincent Memo - Reassessment Fund Levies and the Closing of the 2012 Reassessment Fund.pdf](http://www.in.gov/dlgf/files/130620_Vincent_Memo_Reassessment_Fund_Levies_and_the_Closing_of_the_2012_Reassessment_Fund.pdf)). Additional questions have been raised as counties prepare their 2014 budgets. This memorandum addresses these questions and outlines the appeal process that is available for county assessors.

Due to the removal of the Department's certification of the property tax levy in the reassessment fund, counties have questioned whether or not the reassessment fund is still required to have a levy or if the reassessment duties can be included in the county's general fund. Per IC 6-1.1-4-27.5(a) (see below), a county is required to have a reassessment fund. IC 6-1.1-4-27.5(b) also requires a levy for the estimated costs of the reassessment. While not specifically stated, the Department believes that the intent of IC 6-1.1-4-27.5 is to have a property tax levy in the reassessment fund in order to provide specific funding for the statutorily required reassessment tasks. Grouping the reassessment levy into the general fund eliminates the ability to specifically identify the required levy for reassessment as the general fund levy will have many uses. In spite of this, the intent of the reassessment fund changes in HEA 1116-2013 was to provide more local control in setting and managing the reassessment fund levy. If the decision is made locally that the reassessment fund levy would be included in the general fund and all local stakeholders are agreeable to this plan, the Department will not require a reassessment fund levy for 2014. Great deference will be provided to the local decision-making process.

The Department recognizes that there may be situations in which all local stakeholders do not agree with the county council's decisions on the reassessment fund levy. These situations could include the situation described above in terms of the including the reassessment fund levy in the general fund or they could include situations in which the county assessor believes the levy provided to the reassessment fund will be insufficient to provide for the county's reassessment responsibilities. In these situations, IC 6-1.1-4-27.5(c) and (d) provide for an appeal process. Initially, the county assessor may petition to the county council to increase the reassessment levy. The assessor must document the need for increased funding. If the county council denies this petition, the county assessor may appeal to the Department. The Department will hear the appeal and will determine if additional levy is necessary.

In making a decision as to whether or not additional reassessment levy is necessary, the Department will evaluate a number of things. First, the Department will consider the amount of reassessment levy currently provided by the county council and the fund in which this levy is being provided. The Department will then review the assessor's assertions that additional levy is necessary. If the Department

determines that additional reassessment levy is necessary, the Department will certify to the county the total amount of reassessment levy that must be provided. For the purposes of this certification, the Department will approve the reassessment levy into the reassessment fund. This decision is consistent with the Department's interpretation of IC 6-1.1-4-27.5 and allows for greater oversight of the reassessment levy in the county.

County assessors and county councils should remember that the reassessment fund is within the county's maximum levy. In the event that the Department orders a reassessment fund levy or an increase in the reassessment fund levy above what the county council has approved, the levies of other funds may be reduced during budget review to ensure the county remains within its statutory maximum levy. A reassessment fund levy certification as a result of the outlined appeal process is not an excess levy appeal and does not increase the county's maximum levy.

IC 6-1.1-4-27.5

Property reassessment fund; tax levies; petition to increase levy; appeal

Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county levies for the county's property reassessment fund.

(b) With respect to a reassessment of real property under a county's reassessment plan under section 4.2 of this chapter, the county council of each county shall, for property taxes due each year, levy against all the taxable property in the county an amount equal to the estimated costs of the reassessment under section 28.5 of this chapter for the group of parcels to be reassessed in that year.

(c) The county assessor may petition the county fiscal body to increase the levy under subsection (b) to pay for the costs of:

(1) a reassessment of one (1) or more groups of parcels under a county's reassessment plan prepared under section 4.2 of this chapter;

(2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; or

(3) processing annual adjustments under section 4.5 of this chapter. The assessor must document the needs and reasons for the increased funding.

(d) If the county fiscal body denies a petition under subsection (c), the county assessor may appeal to the department of local government finance. The department of local government finance shall:

(1) hear the appeal; and

(2) determine whether the additional levy is necessary.

As added by P.L.198-2001, SEC.18. Amended by P.L.90-2002, SEC.42; P.L.151-2002, SEC.1 and P.L.178-2002, SEC.7; P.L.245-2003, SEC.5; P.L.228-2005, SEC.9; P.L.219-2007, SEC.13; P.L.146-2008, SEC.78; P.L.172-2011, SEC.27; P.L.112-2012, SEC.17; P.L.218-2013, SEC.1.

If you have any questions on the information outlined above, please contact Assessment Division Director Barry Wood at (317) 232-3762 or bwood@dlgf.in.gov, or Budget Division Director Courtney Schaafsma at (317) 234-3937 or cschaafsma@dlgf.in.gov.